

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-07 NEA-10 IO-13 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 /138 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 4073

INFO AMEMBASSY ALGIERS

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BUENOS AIRES

USMISSION GENEVA

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MEXICO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USMISSION USUN NEW YORK

C O N F I D E N T I A L CARACAS 8976

PARIS ALSO FOR OECD

E.O. 11652: GDS

TAGS: ENRG, VE

SUBJECT: U.S. REPRESENTATIONS ON CIEC - PEREZ GUERRERO'S

TOUR D'HORIZON

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REF: STATE 181094, STATE 178009, CARACAS 8882, CREEKMORE-

MUNRO TELCON 7/23, OECD PARIS 21346

1. VENEZUELAN MINISTER OF STATE FOR ECONOMIC AFFAIRS DR. PEREZ GUERRERO, CO-CHAIRMAN OF CIEC, TOLD CHARGE JULY 23 THAT HIS REACTION TO RECENT CIEC COMMISSION MEETINGS WAS THAT OF CREATIVE DISAPPOINTMENT." G-19 WAS DISAPPOINTED THAT WORK PROGRAMS WERE NOT FINISHED, BUT THAT CREATIVE EFFORTS BY G-8 COULD STILL MAKE CIEC EXERCISE A SUCCESS. PEREZ GUERRERO SAID THAT HE AND OTHER "MODERATES" (INCLUDING THE IRANIAN) WHILE INSISTING ON FUNDAMENTAL PRINCIPLES DEAR TO G-19 WOULD CONTINUE TO SEEK SOLUTIONS TO IMPASSE ON DEBT AND PURCHASING POWER ISSUES. PEREZ GUERRERO SAID HE HAD FEELING THAT G-9 WAS NOT FULLY PREPARED FOR JULY SESSIONS, PARTIALLY DUE TO COORDINATION WITHIN THE EC, BUT ALSO BECAUSE USG HAD NOT FULLY THOUGHT THROUGH ITS POSITIONS. HE IMPLIED THAT RECENT SESSIONS HAD BACKTRACKED FROM EARLIER COMMITMENT OF INTERNATIONAL COMMUNITY (READ DCS) AT 7TH SPECIAL SESSION OF UNGA LAST YEAR TO PRESERVE PURCHASING POWER OF LDCS AND WORK OUT DEBT RELIEF FOR MSAS. HE DID NOT, HOWEVER, INSIST ON INDEXATION AS ONLY METHOD OF MEETING FORMER GOAL. PEREZ GUERRERO SAID HE WAS NEITHER OPTIMISTIC NOR PESSIMISTIC ABOUT OUTCOME OF CIEC, BUT THAT SHOULD CIEC FLOUNDER, IT WOULD LEAD TO DIRECT NORTH-SOUTH CONFRONTATION WHICH WOULD BENEFIT NO ONE. IN CLOSING, PEREZ GUERRERO SAID HE COULD NOT DISCUSS SPECIFIC RECOMMENDATIONS ABOUT NEXT STEPS WITH US UNTIL HE HAD CONSULTED WITH CANADIAN CO-CHAIRMAN.

2. COMMENT: WHILE PEREZ GUERRERO WAS CAREFUL NOT TO PREDICT FAILURE, WE WOULD NOT CATEGORIZE PEREZ GUERRERO'S VIEWS AS LOOKING AT THE BRIGHT SIDE (SEE OECD PARIS 21078). RATHER PEREZ GUERRERO GAVE IMPRESSION THAT G-19 IS INDEED RACHETING UP POLITICAL PRESSURES ON DCS AS POINTED OUT IN STATE 178009. PEREZ GUERRERO WENT OUT OF HIS WAY TO EMPHASIZE THAT CERTAIN "NEUTRAL FORMULATIONS" FOR SCOPE OF WORK PROGRAMS G-8 PRESENTED ARE AND WILL REMAIN UNACCEPTABLE TO G-19 AND THAT HE, ALONG WITH OTHER "MODERATES" ARE HOLDING BACK THE G-19 RADICALS SOME OF WHOM DO NOT BELIEVE IN COMPROMISE. THE ESSENCE OF THE ARGUMENT WAS THAT THE BALL IS CLEARLY IN DCS' COURT AND THAT FLEXIBILITY SHOULD COME FROM OUR SIDE, NOT THEIRS. WE ALSO SHARE DEPARTMENT'S VIEW THAT FORM TENOR OF PEREZ GUERRERO'S REMARKS THAT G-19 DELIBERATELY TOOK HARD LINE POSITIONS. IN FACT, CONFIDENTIAL

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PEREZ GUERRERO SAID FRANKLY THE G-8 WANTS A DEMONSTRATION OF DC POLITICAL WILL NOW IF THE CIEC IS TO PRODUCE SUBSTANTIVE RESULTS. IN THIS REGARD, PEREZ GUERRERO ALSO SAID THAT HE WAS GLAD THAT CIEC HAS NOT BECOME DIRECT POLITICAL ISSUE IN U.S. ELECTION CAMPAIGN, BUT THAT NOTWITHSTANDING THE CAMPAIGN, CIEC CAN NOT WAIT UNTIL NEXT YEAR FOR CONCRETE RESULTS.

3. WHETHER PEREZ GUERRERO HAS OPENLY LOST CONTROL OF G-19 IS NOT

CLEAR FROM OUR CONVERSATION, PARTICULARLY SINCE PEREZ GUERRERO WENT OUT OF HIS WAY TO POINT OUT THE SIMILARITY OF HIS VIEWS WITH THOSE OF HIS IRANIAN COLLEAGUE. IN ANY CASE, PEREZ GUERRERO CONVEYED IMPRESSION THAT HE IS LOOKING AT US EYEBALL TO EYEBALL, AND WAITING FOR US TO BLINK.
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